



GCE

Accounting

Unit **F012**: Accounting Applications

Advanced Subsidiary GCE

Mark Scheme for June 2015

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, Cambridge Nationals, Cambridge Technicals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.












All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

© OCR 2015

Annotations

1		281	?	Unclear
2		31	BOD	Benefit of doubt
3		21	Cross	Cross
4		721	OFR	Own figure rule
5		271	REP	Repeat
6		811	SEEN	Noted but no credit given
7		11	Tick	Tick
8			L1	Level 1
9			L2	Level 2
10			L3	Level 3
11			L4	Level 4

Subject-specific marking instructions**Quality of Written Communication****Levels of Response for *Numerical* Questions**

Level	Mark	Description
3	3	All account headings, terms and balances are included appropriately and in line with accounting conventions. All figures are legible with effective use made of columns and sub-totals. All accounts are ruled off as appropriate.
2	2	Almost all account headings, terms and balances are included, appropriately and in line with accounting conventions. Figures are legible with effective use made of columns and sub-totals. Accounts are ruled off as appropriate.
1	1	Some account headings, terms and balances are included though not always adhered to accounting conventions. Most figures are legible. Some appropriate use is made of columns and sub-totals. Some accounts are ruled off as appropriate.
-	0	Responses which fail to achieve the standard required for Level 1.

Levels of Response for *Narrative* Questions

Level	Mark	Description
2	2	Ideas, some complex, are expressed clearly and quite fluently, using an appropriate style of writing. Arguments made are generally relevant and are constructed in a logical and coherent manner. There are few errors of spelling, punctuation and grammar, and those that are made are not intrusive and do not obscure meaning.
1	1	Relatively straightforward or simple ideas are expressed in a generally appropriate style of writing which sometimes lacks clarity or fluency. Arguments have some limited coherence and structure, occasionally showing relevance to the main focus of the question. There are errors of spelling, punctuation and grammar which are noticeable and sometimes intrusive but do not totally obscure meaning.
-	0	Responses which fail to achieve the standard required for Level 1.

MARK SCHEME

Question		Answer				Mark	Guidance																																																																																					
1	(a)	<p><u>Karumba and Latara</u> <u>Appropriation Account for the year ended 31 December 2014</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Net Profit</td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: right;">152,000</td> </tr> <tr> <td>Interest on drawings:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Karumba</td> <td style="text-align: right;">1,080(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Latara</td> <td style="text-align: right;"><u>1,200(1)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>2,280</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">154,280</td> </tr> <tr> <td>Interest on capital:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Karumba</td> <td style="text-align: right;">5,700(2)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Latara</td> <td style="text-align: right;"><u>9,600(2)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>15,300</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">138,980</td> </tr> <tr> <td>Salary</td> <td style="padding-left: 20px;">Karumba</td> <td style="text-align: right;"><u>18,000(1)</u></td> <td></td> <td style="text-align: right;"><u>18,000</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">120,980</td> </tr> <tr> <td>Share of profits:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Karumba</td> <td style="text-align: right;">48,392(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">Latara</td> <td style="text-align: right;"><u>72,588</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>120,980</u></td> </tr> </table>				Net Profit				152,000	Interest on drawings:						Karumba	1,080(1)				Latara	<u>1,200(1)</u>						<u>2,280</u>						154,280	Interest on capital:						Karumba	5,700(2)				Latara	<u>9,600(2)</u>						<u>15,300</u>						138,980	Salary	Karumba	<u>18,000(1)</u>		<u>18,000</u>					120,980	Share of profits:						Karumba	48,392(1)				Latara	<u>72,588</u>							<u>120,980</u>	[8]	<p>Must show tick where marks are awarded. Seen at the bottom of each page to show that it has been reviewed.</p> <p>All marks for all questions are for correct value and reasonable narrative.</p> <p>Appropriations must be added or deducted as appropriate to be awarded mark.</p>
	Net Profit				152,000																																																																																							
Interest on drawings:																																																																																												
	Karumba	1,080(1)																																																																																										
	Latara	<u>1,200(1)</u>																																																																																										
			<u>2,280</u>																																																																																									
				154,280																																																																																								
Interest on capital:																																																																																												
	Karumba	5,700(2)																																																																																										
	Latara	<u>9,600(2)</u>																																																																																										
			<u>15,300</u>																																																																																									
				138,980																																																																																								
Salary	Karumba	<u>18,000(1)</u>		<u>18,000</u>																																																																																								
				120,980																																																																																								
Share of profits:																																																																																												
	Karumba	48,392(1)																																																																																										
	Latara	<u>72,588</u>																																																																																										
				<u>120,980</u>																																																																																								
(b)	<p style="text-align: center;"><u>Current Accounts</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 15%; text-align: center;">Karumba</th> <th style="width: 15%; text-align: center;">Latara</th> <th style="width: 15%;"></th> <th style="width: 15%; text-align: center;">Karumba</th> <th style="width: 15%; text-align: center;">Latara</th> </tr> </thead> <tbody> <tr> <td>Drawings(1)</td> <td style="text-align: right;">36,000</td> <td style="text-align: right;">40,000</td> <td>Balance b/d</td> <td style="text-align: right;">8,200</td> <td style="text-align: right;">6,400</td> </tr> <tr> <td>Int on drawings(1)</td> <td style="text-align: right;">1,080</td> <td style="text-align: right;">1,200</td> <td>Salary(1)</td> <td style="text-align: right;">18,000</td> <td></td> </tr> <tr> <td>Balance c/d</td> <td style="text-align: right;">43,212(1)</td> <td style="text-align: right;">47,388(1)</td> <td>Int on capital(1)</td> <td style="text-align: right;">5,700</td> <td style="text-align: right;">9,600</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>80,292</u></td> <td style="text-align: right;"><u>88,588</u></td> <td>Share of profits(1)</td> <td style="text-align: right;"><u>48,392</u></td> <td style="text-align: right;"><u>72,588</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>80,292</u></td> <td style="text-align: right;"><u>88,588</u></td> </tr> </tbody> </table>					Karumba	Latara		Karumba	Latara	Drawings(1)	36,000	40,000	Balance b/d	8,200	6,400	Int on drawings(1)	1,080	1,200	Salary(1)	18,000		Balance c/d	43,212(1)	47,388(1)	Int on capital(1)	5,700	9,600		<u>80,292</u>	<u>88,588</u>	Share of profits(1)	<u>48,392</u>	<u>72,588</u>					<u>80,292</u>	<u>88,588</u>	[7]	<p>Marks awarded for narrative must be on correct side.</p> <p>Where a mark is awarded for balance c/d the following are acceptable bal c/d or bal c/f. Do NOT accept balance, bal without c/d or c/f not c/f or c/d without balance.</p> <p>Mark is awarded for correct narrative and figure.</p>																																																		
	Karumba	Latara		Karumba	Latara																																																																																							
Drawings(1)	36,000	40,000	Balance b/d	8,200	6,400																																																																																							
Int on drawings(1)	1,080	1,200	Salary(1)	18,000																																																																																								
Balance c/d	43,212(1)	47,388(1)	Int on capital(1)	5,700	9,600																																																																																							
	<u>80,292</u>	<u>88,588</u>	Share of profits(1)	<u>48,392</u>	<u>72,588</u>																																																																																							
				<u>80,292</u>	<u>88,588</u>																																																																																							

Question	Answer								Mark	Guidance
(c)	<u>Capital Accounts</u>								[8]	Mark is awarded for correct narrative and figure. Goodwill adjustment marks can be awarded if only net figure shown – <u>Goodwill</u> Karumba 6,000cr (1) Latara 6,000cr (1) Norman 12,000dr (1) Bank and motor vehicle must be shown as separate items. Where a mark is awarded for balance c/d the following are acceptable bal c/d or bal c/f. Do NOT accept balance, bal without c/d or c/f nor c/f or c/d without balance.
	Karumba	Latara	Norman		Karumba	Latara	Norman			
	Goodwill	18,000(1)	30,000	12,000(1)	Bal b/d	120,000	190,000			
	Bal c/d	126,000(1)	196,000(1)	83,000(1)	Bank		80,000(1)			
				Motor veh			15,000(1)			
				Goodwill	24,000	36,000(1)				
		<u>144,000</u>	<u>226,000</u>	<u>95,000</u>	<u>144,000</u>	<u>226,000</u>	<u>95,000</u>			
(d)	<p>Admitting Norman into the partnership could bring additional expertise which would allow the partners to specialise in a particular area of the business.</p> <p>Norman would bring extra capital into the partnership, this would allow the business to expand and grow and possibly diversify into new areas leading to increased profit and cash flow.</p> <p>The partners would be able to share the workload, decision making and responsibilities, this could reduce stress on the partners.</p> <p>Having more partners would also provide more cover for sickness and holidays, which would reduce the pressure on partners at these times.</p> <p>Norman’s reputation could bring additional customers to the business helping to increase the size of the business.</p> <p>(3 x 3 marks) (1 for point plus up to 2 for development)</p>								[9]	<p>Be careful to avoid giving many marks for generalised comments.</p> <p>Development marks should relate to advantages. Only allow one development mark for increasing profits.</p> <p>1 mark for point up to 2 marks for development.</p> <p>If just list reasons shown – max 3 marks.</p> <p>Allow spreading the risk by sharing the losses</p>
	Total marks								[32]	

Question	Answer	Mark	Guidance																																								
<p>2* (a)</p>	<p><u>Mark Grunske</u> <u>Trading and Profit and Loss Account for the year ended 31 December 2014</u> Sales (14,300+118,200+800-16,500+2,300+600) 119,700(5) Opening stock 12,300 Purchases(9,400+52,000+1,400-8,100) <u>54,700(3)</u> 67,000 Less drawings <u>2,600(1)</u> 64,400 Closing stock <u>13,600</u> Cost of sales 50,800 Gross profit 68,900 Discounts received <u>1,400(1)</u> 70,300 <u>Expenses</u> Wages 47,800(1) General expenses 17,900(1) Loan interest 1,200(1) Depreciation equipment 11,000(1) Discounts allowed <u>800(1)</u> Net Loss <u>78,700</u> <u>(8,400)(1)</u></p>		<p>If sales and purchases are incorrect, workings must be shown in order to be awarded individual marks. If no workings are shown, and the figure is incorrect, do not award any marks. Can show workings for sales and purchases in a control account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">SLCA</th> </tr> </thead> <tbody> <tr> <td style="width: 25%;">Bal b/d</td> <td style="width: 25%;">16,500(1)</td> <td style="width: 25%;">Bank</td> <td style="width: 25%;">118,200</td> </tr> <tr> <td>Credit sales</td> <td>116,800</td> <td>Dis All</td> <td>800(1)</td> </tr> <tr> <td></td> <td></td> <td>Bal c/d</td> <td><u>14,300(1)</u></td> </tr> <tr> <td></td> <td><u>133,300</u></td> <td></td> <td><u>133,300</u></td> </tr> </tbody> </table> <p>116,800 +2,300(1)+600(1) = 119,700</p> <p>14,300(1)+118,200+800(1)-16,500(1) +2,300(1) +600(1) =119,700</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">PLCA</th> </tr> </thead> <tbody> <tr> <td style="width: 25%;">Bank</td> <td style="width: 25%;">52,000</td> <td style="width: 25%;">Bal b/d</td> <td style="width: 25%;">8,100(1)</td> </tr> <tr> <td>Dis Rec</td> <td>1,400(1)</td> <td>Credit Purch</td> <td>54,700</td> </tr> <tr> <td>Bal c/d</td> <td><u>9,400(1)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td><u>62,800</u></td> <td></td> <td><u>62,800</u></td> </tr> </tbody> </table> <p>52,000+9,400(1) - 8,100(1) +1,400(1) =54,700</p> <p>Allow 52,100 – 4 marks.</p> <p>Drawings of £2,600 must be before closing Discount received stock be shown after gross profit, can be shown as a negative expense but cannot be added to net loss. All expenses marks are for net figure. Depreciation must be shown separately for each fixed asset. Net Loss correct answer only.</p>	SLCA				Bal b/d	16,500 (1)	Bank	118,200	Credit sales	116,800	Dis All	800 (1)			Bal c/d	<u>14,300(1)</u>		<u>133,300</u>		<u>133,300</u>	PLCA				Bank	52,000	Bal b/d	8,100 (1)	Dis Rec	1,400 (1)	Credit Purch	54,700	Bal c/d	<u>9,400(1)</u>				<u>62,800</u>		<u>62,800</u>
SLCA																																											
Bal b/d	16,500 (1)	Bank	118,200																																								
Credit sales	116,800	Dis All	800 (1)																																								
		Bal c/d	<u>14,300(1)</u>																																								
	<u>133,300</u>		<u>133,300</u>																																								
PLCA																																											
Bank	52,000	Bal b/d	8,100 (1)																																								
Dis Rec	1,400 (1)	Credit Purch	54,700																																								
Bal c/d	<u>9,400(1)</u>																																										
	<u>62,800</u>		<u>62,800</u>																																								

Question	Answer	Mark	Guidance
	<p><u>Balance Sheet as at 31 December 2014</u></p> <p><u>Fixed Assets</u></p> <p>Equipment 85,000(1)</p> <p><u>Current Assets</u></p> <p>Stock 13,600</p> <p>Debtors 14,300(1)</p> <p>Wages prepaid 1,600(1)</p> <p>29,500</p> <p><u>Current Liabilities</u></p> <p>Creditors 9,400</p> <p>Bank overdraft 21,700(1)</p> <p>General expenses 200(1)</p> <p>Loan interest 1,200(1)</p> <p>32,500</p> <p>Working capital (3,000)</p> <p>82,000</p> <p><u>Long Term Liabilities</u></p> <p>Loan (30,000)(1)</p> <p><u>52,000</u></p> <p><u>Financed by</u></p> <p>Capital 87,600(2)</p> <p>Net loss (8,400)(1)</p> <p>79,200</p> <p>Drawings 27,200(1)</p> <p><u>52,000</u></p> <p>QWC</p>	<p>[3] 30</p>	<p><u>Fixed Assets</u>- correct answer only.</p> <p><u>Current Assets</u> - correct answers only.</p> <p><u>Current Liabilities</u> Bank must be shown under current liabilities to be awarded mark, it cannot be shown as a negative figure in current assets.</p> <p>Long Term Loan must be deducted</p> <p><u>Financed by</u> Capital must show both values or correct total to be awarded mark. Net Loss correct answer only for 1 mark. Loan can be added in the 'Financed By' section for 1 mark.</p> <p>Must show total figure for drawings.</p> <p>Must show QWC has been considered even if 0.</p>

Question	Answer	Mark	Guidance
(b)*	<p>If a sole trader does not keep adequate records then the business may not have records of the transactions, then the business will be unaware of the total sales and purchases in a period. This may result in it not having records of its stockholdings which could result in it and running out of certain lines of stock. Therefore, being unable to meet customer demand, this could result in the loss of future business.</p> <p>The business may not have a record of debtors and therefore it will not be able to send out invoices and reminders of amounts owing from debtors. This may lead to debtors not paying their accounts, which could lead to bad debts and hence less profit and cash flow difficulties.</p> <p>The business may not have a record of creditors, which could lead to the business not paying the amounts owed to its suppliers. This could lead to suppliers refusing to supply further goods and this could eventually lead to the failure of the business.</p> <p>The business may not have records of expenses that have been paid or those which are owed; therefore it will not have any control of these, which may lead to overspending on expenses and, therefore, cash flow difficulties.</p> <p>The business will be unable to prepare a trial balance and final accounts and, therefore, be unable to calculate how much profit or loss it has made in a period.</p> <p>If the business cannot provide details of its profits banks will be reluctant to loan it money, as there is no adequate record of its ability to repay the money. It will also not have adequate records for HMRC to calculate the taxation due, which could lead to fines.</p> <p>The risk of errors and fraud will increase if transactions are not recorded and this could be difficult to trace.</p> <p>(4 points x 3 marks) (1 for point plus up to 2 for development) QWC</p> <p style="text-align: right;">Total marks</p>	<p style="text-align: center;">2</p> <p>[14] [44]</p>	<p>Be careful to avoid giving many marks for generalised comments.</p> <p>Development marks should relate to problems.</p> <p>1 mark for point up to 2 marks for development.</p> <p>If just list of reasons shown – maximum 4 marks.</p> <p>Must show QWC has been considered even if 0.</p>

Question	Answer	Mark	Guidance																																																				
(c)	<p style="text-align: center;"><u>Purchases Ledger Control Account</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%; border-right: 1px solid black;">Bank</td> <td style="width: 15%; text-align: right;">900,000(1)</td> <td style="width: 35%; border-right: 1px solid black;">Balance b/d</td> <td style="width: 15%; text-align: right;">324,600</td> </tr> <tr> <td style="border-right: 1px solid black;">Discounts received</td> <td style="text-align: right;">14,300(2)</td> <td style="border-right: 1px solid black;">Purchases</td> <td style="text-align: right;">931,200(2)</td> </tr> <tr> <td style="border-right: 1px solid black;">Purchase returns</td> <td style="text-align: right;">17,900(2)</td> <td></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;">Contra</td> <td style="text-align: right;">18,400(1)</td> <td></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;">Balance c/d</td> <td style="text-align: right;"><u>305,200(1)</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,255,800</u></td> <td></td> <td style="text-align: right;"><u>1,255,800</u></td> </tr> </table>	Bank	900,000(1)	Balance b/d	324,600	Discounts received	14,300(2)	Purchases	931,200(2)	Purchase returns	17,900(2)			Contra	18,400(1)			Balance c/d	<u>305,200(1)</u>				<u>1,255,800</u>		<u>1,255,800</u>	[9]	<p style="text-align: center;"><u>Purchase Ledger Control Account</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border-right: 1px solid black;">Bank</td> <td style="width: 15%; text-align: right;">900,000</td> <td style="width: 25%; border-right: 1px solid black;">bal b/d</td> <td style="width: 35%; text-align: right;">324,600</td> </tr> <tr> <td style="border-right: 1px solid black;">Disc Rec'd</td> <td style="text-align: right;">15,300</td> <td style="border-right: 1px solid black;">Purchases</td> <td style="text-align: right;">924,800</td> </tr> <tr> <td style="border-right: 1px solid black;">Purch return</td> <td style="text-align: right;">16,600</td> <td style="border-right: 1px solid black;">Purchases</td> <td style="text-align: right;">6,400</td> </tr> <tr> <td style="border-right: 1px solid black;">Contra</td> <td style="text-align: right;">18,400</td> <td style="border-right: 1px solid black;">Disc Rec'd</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td style="border-right: 1px solid black;">Purch return</td> <td style="text-align: right;">1,300</td> <td></td> <td></td> </tr> <tr> <td style="border-right: 1px solid black;">bal c/d</td> <td style="text-align: right;"><u>305,200</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,256,800</u></td> <td></td> <td style="text-align: right;"><u>1,256,800</u></td> </tr> </table>	Bank	900,000	bal b/d	324,600	Disc Rec'd	15,300	Purchases	924,800	Purch return	16,600	Purchases	6,400	Contra	18,400	Disc Rec'd	1,000	Purch return	1,300			bal c/d	<u>305,200</u>				<u>1,256,800</u>		<u>1,256,800</u>
Bank	900,000(1)	Balance b/d	324,600																																																				
Discounts received	14,300(2)	Purchases	931,200(2)																																																				
Purchase returns	17,900(2)																																																						
Contra	18,400(1)																																																						
Balance c/d	<u>305,200(1)</u>																																																						
	<u>1,255,800</u>		<u>1,255,800</u>																																																				
Bank	900,000	bal b/d	324,600																																																				
Disc Rec'd	15,300	Purchases	924,800																																																				
Purch return	16,600	Purchases	6,400																																																				
Contra	18,400	Disc Rec'd	1,000																																																				
Purch return	1,300																																																						
bal c/d	<u>305,200</u>																																																						
	<u>1,256,800</u>		<u>1,256,800</u>																																																				
(d)	<p><u>Schedule of Creditors</u></p> <table style="width: 100%;"> <tr> <td style="width: 60%;">Original balance</td> <td style="text-align: right;">307,600</td> </tr> <tr> <td>(viii) Cheque paid</td> <td style="text-align: right;"><u>(2,400)(1)</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>305,200(1)</u></td> </tr> </table>	Original balance	307,600	(viii) Cheque paid	<u>(2,400)(1)</u>		<u>305,200(1)</u>	[2]	<p>Adjustments must indicate whether they have been added or subtracted.</p> <p>If no signage assume added unless total is correct.</p> <p>The errors must include narrative or error number with value.</p> <p>Final balance, accept without narrative.</p> <p>Correct answer only.</p>																																														
Original balance	307,600																																																						
(viii) Cheque paid	<u>(2,400)(1)</u>																																																						
	<u>305,200(1)</u>																																																						
	Total marks	[26]																																																					

Question		Answer			Mark	Guidance
4	(a)	<u>Maria Boon</u> <u>A detailed Statement of Revised Stock Valuation as at 30 November 2014</u>				Must show whether figures have been added or deducted for mark, if no signage assume added.
		Original stock valuation		86,400		Mark figure only
			Increase	Decrease		Where 2 marks are awarded 2 or 0
		(i) Sales invoices	24,000(2)			If adjustment shows an increase and decrease for the same error mark net figure.
		(ii) Purchases		36,800(1)		Figure for revised stock valuation correct answer only
		(iii) Sales returns		10,000(2)		
		(iv) Drawings	1,400(1)			
		(v) Cleaning material		360(1)		
		(vi) Sale or return	625(2)			
		(vii) Free samples		250(1)		
		(viii) Purchase returns	<u>1,250</u> (1)	<u> </u>		
			27,275	(47,410)		
		Revised stock valuation		<u>(20,135)</u> <u>66,265</u> (1)	[12]	

Question	Answer	Mark	Guidance
(b)	<p>(iv) The stock drawings were taken after the end of the financial year and, therefore, must be added back to stock since that stock would have been counted and valued if stocktaking had taken place on the correct date. In the profit and loss account increasing the valuation of the stock will increase the profit by £1,400. In the balance sheet increasing the stock valuation will increase the current assets by £1,400.</p> <p>(v) The stock valuation should only include those items which are to be resold for a profit. The cleaning materials have not been purchased with the intention to resell but for the business to use the cleaning materials within the business and, therefore, these should not be included in the stock valuation . These are expenses. Unused cleaning materials at the end of the financial year should be classified as a prepaid expense.</p> <p>(1 mark for point plus up to 2 for development for each of items (iv) and (v)</p>	<p>[6]</p> <p>Total marks [18]</p>	<p>Answers must refer to correct treatment of (iv) and (v), development should state why this treatment is correct.</p>

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

Education and Learning

Telephone: 01223 553998

Facsimile: 01223 552627

Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

Oxford Cambridge and RSA Examinations
is a Company Limited by Guarantee
Registered in England
Registered Office; 1 Hills Road, Cambridge, CB1 2EU
Registered Company Number: 3484466
OCR is an exempt Charity

OCR (Oxford Cambridge and RSA Examinations)
Head office
Telephone: 01223 552552
Facsimile: 01223 552553

© OCR 2015

